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REVIEW OF THE EFFICIENCY OF THE ADMINISTRATIVE AND FINANCIAL FUNCTIONING OF THE UNITED NATIONS

REPORT OF THE SECRETARY-GENERAL ON THE ACTIVITIES OF THE OFFICE OF INTERNAL OVERSIGHT SERVICES

Note by the Secretary-General

1. Pursuant to General Assembly resolution 48/218 B, the Secretary-General has the honour to transmit, for the attention of the General Assembly, the attached report, conveyed to him by the Under-Secretary-General for Internal Oversight Services, concerning the review of the United Nations Environment Programme (UNEP) and the administrative practices of its secretariat, including the United Nations Office at Nairobi.

2. The Secretary-General concurs with the recommendations contained in the report, as outlined in its chapter VIII. He has directed that corrective actions and other measures currently under way to address issues related to management structures and processes be pursued and accelerated. With regard to policy and programmatic issues, the Secretary-General notes that a Declaration on the role and mandate of UNEP was adopted at the nineteenth session of the UNEP Governing Council for submission to the special session of the General Assembly on the review of Agenda 21. The Secretary-General trusts that the special session of the General Assembly will contribute to a further rationalization of roles and activities and to a further strengthening of complementarities within the Organization and the system as a whole, in the crucial areas of environment and sustainable development.

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ANNEX

Report of the Office of Internal Oversight Services on the review of the United Nations Environment Programme and the administrative practices of its secretariat, including the United Nations Office at Nairobi

SUMMARY

The basic issue facing the United Nations Environment Programme (UNEP) is the clarification of its role following the United Nations Conference on Environment and Development. It is not clear to staff or to stakeholders what that role should be. The lack of clarity has had consequences for how programmes have been conceived and managed, for the ongoing downsizing of programmes and for staff morale and esprit de corps. Management's first responsibility should be to focus on this new role, anchoring it to fewer priorities so as to increase the organization's effectiveness and its potential for impact.

Faced with declining resources, managers have not yet made all of the necessary hard choices. Because they have had fewer resources with which to operate, a vicious cycle has begun. Much staff time and energy has been spent in paring down programmes, resulting in less time to think or to do environmental work. This has reduced the number of discernible results, leading to reduced donor confidence and lower contributions and in turn to further programme reductions.

Notwithstanding the situation described above, there are still UNEP programmes that continue to make a genuine contribution. The Cleaner Production and Environmental Law programmes appear to fall into this category.

Exploration of the complementarities between the work of the United Nations Conference on Trade and Development, the Department for Policy Coordination and Sustainable Development and UNEP is needed. Expanding the work of UNEP in environmental economics while dropping trade and environment issues is the scenario for which there is most legislative justification.

UNEP is not the only part of the United Nations system to have difficulty in living up to expectations about its mandate and coordination responsibilities, but the difficulty is accentuated by the Programme's original, and very visible, advocacy role, the current deepening lack of resources, the uncertainties concerning its role and the apparent failure of management, since the Conference, to present a message to the principal donors that convinces them of the substantive soundness of UNEP programmes and its capacity to manage them itself.

The relationship between UNEP and the environmental conventions, particularly those agreed to since the Conference, have sometimes been problematic. However, that relationship has the potential to provide the foundation for a revival of the strategic role of UNEP in guiding progress on the global environmental agenda. That potential has yet to be fully explored and exploited by the UNEP secretariat.

The organizational structure of UNEP does not provide an adequate framework for streamlining the organization's activity in an efficient and effective manner. The problem is further aggravated by the lack of documentation regarding the extent of authority with which each manager is empowered, as well as the frequent and extended absences of the Executive Director and the Deputy Executive Director from the Nairobi headquarters.

In general, the UNEP secretariat is not functioning in an environment that facilitates efficiency and effectiveness. Most of the instruments that the secretariat has put in place to implement the Programme's goals and objectives do not appear to be adequate, either managerially or organizationally, nor are the internal mechanisms for collective guidance, oversight and administration satisfactory. An exception is the Ombudsman Unit.

The functional responsibilities of various major departments are not entirely clear, and there seems to be no clear delegation of authority. The internal instruments for collective guidance are cumbersome, dilute responsibility and impede efficiency. Furthermore, there is no coherent and comprehensive presentation in the programme budget of the global involvement of UNEP in environmental matters. Oversight of implementation and assessment of results is fragmented, making it hard to develop clear and coherent policies for the allocation of resources or to ascertain that resources are being utilized efficiently.

UNEP has potentially wasted scarce resources owing, inter alia, to the excessive use of consultants and advisers with little indication of the value their services added to the organization, the establishment of higher grade posts, resulting in a top-heavy secretariat, the filling of those posts with no clear indication of the suitability of the incumbent to discharge the responsibilities of the post and the general weakness and dispersal of the mechanism of controlling disbursements.

There was a feeling among some of those interviewed, including some of the stakeholders, that there is a credibility gap between senior management and the majority of staff. That situation cannot be permitted to continue. UNEP has many talented and motivated staff, but morale is low, in some cases extremely low, and a number of the more highly qualified staff are actively seeking alternative employment.

The effectiveness of the offices away from Nairobi is uneven. Some appear to be doing good work. For others, such as the Regional Office for North America, the output and apparent value added do not appear equal to what could be expected.

The Mercure telecommunications facility, a gift from the European Space Agency, has the potential, as yet unrealized, to enhance significantly the capacity of UNEP to communicate with the outside world. Issues of its compatibility with the facilities of the rest of the United Nations and unresolved questions vis-à-vis the host country have prevented its start-up, despite the fact that significant recurrent costs are already being incurred without any benefit to UNEP.

The problems of UNEP have been aggravated by the limited ability of the newly established United Nations Office at Nairobi to provide common services in support of the Programme. The Office's overdependence on voluntary (extrabudgetary) funding is inappropriate, and its staffing composition is in some respects insufficient in number and in quality. As it stands, the Office does not have the capacity to discharge its responsibilities adequately. Unless certain fundamental issues are resolved, the likelihood of alleviating the capacity problem is small.

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I. INTRODUCTION

1. Within the framework of the Secretary-General's programme of administrative reform, a team from the Office of Internal Oversight Services conducted a review of UNEP and the administrative practices of its secretariat, including the United Nations Office at Nairobi. The team visited UNEP headquarters at Nairobi from 16 to 24 September 1996, then paid one-day visits to Geneva and Paris, where contacts took place with UNEP offices and convention secretariats located there.

2. In the time available, the team attempted to examine whether the UNEP programme of work was properly conceived, implemented and assessed and whether the secretariat was operating in an environment that facilitated efficiency and effectiveness. The team took into consideration the recommendations of the Committee for Programme and Coordination at its thirty-fifth session concerning the effects of the reorganization of UNEP and the management situation there.[1]

3. The team met with the Executive Director of UNEP and conducted extensive interviews with 61 staff members, including heads of division and most staff in managerial positions, as well as staff representatives. The team also sought the views of some representatives of States members of the UNEP Governing Council.

4. Upon completion of the fieldwork, the team examined a substantial number of internal communications, documents, administrative issuances, policy directives, minutes of meetings, audit and evaluation findings and job descriptions. The conclusions and recommendations have been designed to enable UNEP to discharge its responsibilities more effectively. Their implementation requires special efforts, cooperation and candid introspection by staff and management alike.

5. The team greatly appreciates the cooperation extended to it by staff at various levels during this review. It also notes with satisfaction the stated intent of management to undertake a number of initiatives for addressing the various problems identified under the areas of management, organizational structure and controlling functions.

II. UNEP AFTER THE UNITED NATIONS CONFERENCE ON ENVIRONMENT AND DEVELOPMENT: CONCEPT, ROLE AND INSTRUMENTS

Background

6. At the time of its creation in 1972, UNEP was the sole multilateral agency concerned with the environment. It was seen as having a distinct role within the United Nations system: to identify emerging environmental problems and help to forge an international consensus on their solution. In the following decades, owing to an increasing awareness that the environment had become one of

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[1] Official Records of the General Assembly, Fiftieth Session, Supplement No. 16 (A/50/16), paras. 139-141.

the major issues in international public opinion, many other United Nations agencies started to involve themselves in the environmental field. The exclusive role of UNEP was progressively undermined.

7. The United Nations Conference on Environment and Development held in Rio de Janeiro in 1992 illustrated that situation. The UNEP secretariat was given a minimal role in organizing the Conference. However, the Conference was important in establishing a global consensus on solutions to some environmental issues, many of which UNEP had helped to bring to international attention. At the Conference, recognition was given to the role of the developing countries as partners in implementing a global consensus on certain environmental issues.

8. In setting up the mechanisms needed to implement solutions to environmental problems, much of the responsibility for their follow-up was given to GEF and a number of new conventions on specific major environmental issues, such as biodiversity and climate change. GEF is a fund in which the World Bank dominates, the United Nations Development Programme (UNDP) has a small but definite role and UNEP has a minor residual role. Available figures for 1996 suggest that UNEP accounts for just over 1 per cent of the GEF project portfolio.

New partners of UNEP

9. UNEP, which was once the only United Nations player in the multilateral environmental arena, now has as active partners within the United Nations system UNDP and the Department for Policy Coordination on Sustainable Development of the Secretariat, as well as the World Bank. UNEP has been given a very modest role in the management of GEF.

10. UNEP was originally seen as a "catalyst". But since UNEP was created there has been an increase in the number and influence of non-governmental entities concerned with environmental issues, and the catalytic role of UNEP has had to be exercised in an arena in which there are competing actors and influences. Furthermore, in an era in which there is competition among entities for resources devoted to resolving environmental issues, its stakeholders have had difficulty in evaluating the effectiveness of UNEP since there is no established methodology for valuing the effect of a catalyst or indeed for choosing among different catalytic approaches.

11. It is much more difficult for UNEP to be catalytic now than it was 25 years ago. Because of both mandate and history, UNEP is de facto divorced from most of the operational activities being carried out by the United Nations system related to environmental issues. This compounds the difficulty of demonstrating concrete results.

12. Since the United Nations Conference on Environment and Development, a number of member States have supported building up the Commission for Sustainable Development in areas where UNEP has or has had a traditional interest.

13. The issue of a new role for UNEP in response to post-Conference challenges was certainly posed by senior management following the Conference, and within UNEP considerable effort has been put into rethinking its role in the new circumstances. Management involved much of the organization in that process. There has also been an extensive and expensive effort to incorporate external senior-level viewpoints, including the involvement of high-level consultants at meetings at Bellagio, Italy, and then at Coppet, Switzerland.

14. However, notwithstanding the four years that have passed since the Conference and the process of rethinking initiated by UNEP, senior management and the organization's stakeholders have not as yet worked out together what is expected of the agency, and a new, clear and broadly accepted understanding of the post-Conference role of UNEP has yet to emerge.

15. That lack of understanding has worsened an already uncertain position. Most UNEP activities are financed through voluntary contributions, most of which come from a small number of donors. There is a modest contribution from the regular budget of the United Nations, but the bulk of UNEP activities are funded from the Environment Fund or from trust funds, of which UNEP has more than 50. For a variety of reasons, some certainly conjunctural, but some related to uncertainties about the future role of UNEP and the way it has been managed, contributions have fallen. In an era of resource-driven downsizing, this has hindered the process of sorting out those functions that UNEP should keep and on which it should concentrate, and those that it should discard.

16. Faced with a shortfall of resources, managers have fought to maintain their staff, but in an increasing number of cases they had very few resources with which to operate, and there has not been the managerial or political will to make hard choices and indicate priorities that go beyond the sectoral shares indicated to the Governing Council at its eighteenth session.

17. In the process, a vicious cycle has been created. Managers and their staff are engaged in paring down their programmes and because of the time and energy it takes, they have had less time left to do environmental work. This has led to a reduction of discernible results, leading to reduced donor confidence and lower contributions and in turn to further paring down of programmes.

A menu of post-Conference choices

18. UNEP could continue to act as a catalyst for international environmental action; it could sponsor applied research and play a concerting role in promoting the application of the results; it could act as a hub for a series of networks of environmental information; or it could try to convert itself into an executing agency of the United Nations development system.

19. Given that action normally requires resources and that UNEP has been cut off from a financial role by the creation of GEF, any catalytic role would have to be extremely circumscribed. In the area of research, UNEP does not have any real capacity to supervise and direct research except perhaps in some very limited areas. It can sponsor research, using its reputation for neutrality and objectivity to give it a role in the choice and management of applied research

and the mode of its application. The Paris office, with its cleaner production programme, seems to have had some demonstrated successes in this regard.

20. UNEP was not set up as an executing agency of the United Nations development system. In its initial years any attempt that it made to take on such a role was vigorously opposed. There are signs that some parts of UNEP wish it to move towards an executing agency role. If there are strategic reasons for doing so, they were not made apparent to the team. However, if this is seen as a means of addressing the severe resource shortfalls that UNEP faces for its programmes, it should be recalled that the funds available for multilateral grant assistance are shrinking and that a strategy of supporting an agency's establishment via the overhead earned on such an approach seem destined to become an ever-steeper uphill struggle.

The relationship with the instruments: networks and conventions

21. Since its founding in 1972, UNEP has helped to set up a series of global information networks (e.g., the Global Environmental Monitoring System (GEMS), the Global Resource Information Database (GRID), and the International Environment Information System (INFOTERRA)), which connect it to a variety of institutions and individuals active in the environmental field worldwide. It is also the parent organization for a series of global environmental conventions (e.g., the Biodiversity Convention, the Basel Convention on the Control of Transboundary Movements of Hazardous Waste and their Disposal, and the Convention on International Trade in Endangered Species of Wild Fauna and Flora), which have changed the state of global environmental law and the ways in which States do business related to certain very basic activities.

22. The relationships with the networks and conventions and the ways in which they are managed are potentially a powerful tool in reasserting a unique role for UNEP. The administrative and managerial issues of those instruments are addressed below. However, the point to be made here concerns their role in the conceptualization and presentation of the strategic vision and role of UNEP, which contributes to the identification of emerging global environmental problems and engineers intergovernmental consensus on how to address them.

23. Some consideration has been given to these issues. For example, the minutes of the first Programme Review Committee meeting in May 1996 show "Substantive and administrative support to UNEP-administered conventions" as the first item in the UNEP programme of work for 1996. Yet the instruments do not appear to have been a major preoccupation in the rethinking of the role of UNEP, despite their potential technical and political significance.

24. With respect to the networks, while UNEP cannot determine their work programmes or funding, it can influence their agenda and the questions they address. UNEP alone should have a comprehensive view of the work of all information networks and environmental instruments and should be able to draw conclusions about where the overall picture is weak or where different instruments are pointing to an emerging overarching problem that no one instrument or information network has quite identified.

25. As for the environmental conventions, which are administratively children of UNEP, each has its own Conference of the Parties that guides its programme's content and management. However, UNEP has a role in their work - sometimes direct, and sometimes less so. For instance, the Executive Director of UNEP is the Chief Officer of the Basel Convention, whereas the Biodiversity Convention has its own Executive Secretary. But in all cases UNEP is involved with each convention and its Conference of the Parties, and indeed is the only organization that can address issues common to all. In addition, UNEP has a mandate from the United Nations Conference on Environment and Development to do so.

26. The team was provided towards the end of the visit with the minutes of the coordination meetings of the convention secretariats. In addition, a consultant report considered by the 1995 Management Board and by the body coordinating the conventions did recommend an expanded role for UNEP in coordinating the conventions and pointed to areas in which UNEP is uniquely placed to provide a valuable service in that regard.

27. However, during the team's stay at Nairobi the strategic relationship between UNEP and the conventions was never raised by anyone except members of the team. At no time did anyone in the organization express the view that the relationship UNEP has with the conventions was a strategic tool through which UNEP could endeavour to influence the global environmental agenda. Yet it appears to be an area in which UNEP has a unique niche, one about which it needs to think and do more. One possibility would be to set up a secretariat for the convention secretariats within UNEP to address those issues that transcend individual conventions.

The coordination role and its consequences

28. The management and stakeholders of UNEP might wish to reflect further on what coordination means, especially when the coordinator has limited political power and has neither the right of budgetary veto nor the financial resources to insist on or induce coordination. It would be well for all concerned to recognize what is involved in successful coordination and what is feasible, and to give due recognition when that which is feasible has been achieved.

29. Furthermore, if UNEP is to fulfil a coordinating role vis-à-vis the United Nations system, Governments, private firms and other entities and, as the team suggests, be more active in coordinating the conventions, then it needs the resources to carry out that role. It also needs to equip itself to report in a sound, substantive and analytical manner to the General Assembly through the Economic and Social Council.

Role of the offices away from Nairobi

30. The Geneva, Paris and New York offices have been examined as part of the team's work, but too small a sample was studied to make judgements about the overall process of strengthening the Programme's regional offices as mandated by the Governing Council. It does appear that the operation in Paris has made significant achievements that are largely attributable to itself, notably in the area of cleaner production, and that it is running well, given the financial

circumstances of the organization. The productivity of the other offices visited is less easy to establish. The ambiguities inherent in having certain functions carried out at Nairobi that are supervised from Geneva are touched on elsewhere. In the case of the New York office, most of its outputs are intermediate ones, somewhat intangible and not demonstrably significant. It is difficult to avoid the conclusion that the same level of results, particularly the liaison responsibilities, could be achieved with quite a smaller establishment.

Complementarities with the work of other entities

31. Environmental economics, trade and the environment and the management of freshwater resources are all examples of topics that appear in the UNEP programme of work as well as in the work programmes and goals of other United Nations entities such as the Department for Policy Coordination on Sustainable Development. None is an executing agency with a direct role in operational activities and a consequent need to undertake work in support of such activities. Consequently, the direct utility of those activities to the international consideration of environmental issues may need to be explored.

32. UNEP can legitimately claim that under Agenda 21 it is mandated to concentrate on developing and promoting the use of natural resource accounting and environmental economics.[2] However, in the area of trade, Agenda 21 states clearly,

> "UNCTAD should play an important role in the implementation of Agenda 21 as extended at its eighth session, taking into account the importance of the interrelationships between development, international trade and the environment and in accordance with its mandate in the area of sustainable development."[3]

33. Further exploration of the complementarities between the work of the United Nations Conference on Trade and Development, the Department for Policy Coordination on Sustainable Development and UNEP may therefore be in order with the possibility of UNEP concentrating on and expanding its work in environmental economics, which would be the scenario for which there is most legislative justification.

Particularities of governance

34. UNEP has its own Governing Council that meets biennially at Nairobi. As part of the United Nations Secretariat, its Executive Director is appointed by the Secretary-General with the concurrence of Member States. Between the meetings of the Governing Council, there is a Committee of Permanent

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[2] See Report of the United Nations Conference on Environment and Development, Rio de Janeiro, 3-14 June 1992 (United Nations publication, Sales No. E.93.I.8 and corrigenda), vol. I: Resolutions Adopted by the Conference, resolution 1, annex II, para. 38.22 (c).

[3] Ibid., para. 38.26.

Representatives, which, while not formally reporting to the Governing Council, does have a recognized role in following up with management the implementation of Council resolutions.

III. ISSUES OF ORGANIZATION AND MANAGEMENT

Decentralization

35. UNEP is a decentralized organization. Approximately 60 per cent of its staff operate from its headquarters in Nairobi, and the remainder work at the secretariats of six conventions, the regional offices and other coordinating units. As such, UNEP staff are spread over four continents, with a heavy concentration in Africa and Europe.

36. The decentralization of its functions makes it imperative that it operate with a well-documented organizational structure that articulates the lines of authority, delineates responsibility and defines key areas of organizational accountability for results. It is also imperative that authority and responsibility be clearly delegated to the various levels of management.

37. The team's examination of the UNEP organizational chart (see appendix) and related material defining functional responsibilities, suggests that the functions and authorities are broadly defined at the divisional level but less so at the subdivisional level, where clusters of staff form key groups responsible for specific functions within the overall responsibility of a division. Similarly, the linkages in functions and responsibilities among the three main divisions in UNEP are also unclear. The situation is further aggravated by the apparent lack of horizontal linkages between the key divisions at UNEP headquarters, where the programmes are developed, and the secretariats of the conventions, regional offices and other units located outside Nairobi.

38. The team took note of the fact that the management of UNEP has undertaken a total of six organizational changes since January 1995. Two of them involved substantial modification of the organizational structure, and were introduced early in 1995 and 1996. All other changes were limited in nature and consisted of minor modifications in the responsibilities of some divisional units. Information related to the team suggests that the organizational changes were not always made in consultation with the parties concerned or with the personnel section. The team could not find documented evidence suggesting the contrary.

Responsibilities and grade levels

39. An examination of the latest organizational chart, issued in September 1996, and the corresponding staffing table of the UNEP secretariat raise the observation that the UNEP staffing table is top-heavy. There are 22 posts at the D-2 level, including at the convention secretariats. Of those posts, 13 are located at Nairobi. While it is conceivable that high-level grades are needed to attract staff with particular scientific knowledge or experience, the team noted that most of those posts were encumbered by or allocated to individuals engaged in managing and coordinating programmes. In the view of the team, many such functions do not warrant a D-2 level.

40. Furthermore, in many instances, the similar responsibilities are being discharged by officers at lower levels (see appendix). The team could not find duly classified job descriptions for all the senior posts to permit a comparison of their respective levels of responsibility on the one hand and what they are actually doing on the other.

41. As shown in the appendix, the UNEP secretariat in Nairobi comprises three main divisions, each headed by an Assistant Executive Director at the D-2 level. One of the directors is discharging the additional responsibility of Managing Director, which includes overall programme direction and delivery, ensuring integrated UNEP programme development and overall monitoring of all outputs. The team noted that by virtue of the very extensive tasks given to the Managing Director, his responsibilities clearly overlapped with those of the Deputy Executive Director and those of the Chief of the Corporate Planning and Accountability Service.

42. In addition to the three main divisions, the organizational structure includes a Programme Support Services Division, which combines some of the functions of an executive office, a corporate planning unit and a monitoring and evaluation office. In the team's view those functions do not fit well together and should be relocated as suggested below. The team also noted that the Division is headed by a P-5 officer overseeing the work of two officers at the D-1 level.

Channels of authority

43. With respect to the channel of authority and supervisory functions five Executive Coordinators are listed in the organizational chart, four of whom are located in the Programme Division. They are the de facto managers of the cluster of organizational units falling under their purview. The directors of those units report to the Executive Coordinator, who serves as their immediate supervisor and grants their clearance for travel.

44. The staffing table of the Programme Division includes seven posts at the D-2 level, and indicates that some directors of the organizational units within the Division are equal in seniority to the Executive Coordinator who supervises them and to the Managing Director of the entire Division.

45. The team could not understand how Coordinators who are located in one place could supervise efficiently and manage organizational units and activities located elsewhere. For example, the Environmental Economics Unit, which is located at Nairobi, reports to the Coordinator on Globalization stationed at Geneva. Similarly, the Resource Mobilization Unit located at Nairobi reports to a supervisor located at Geneva, whereas the International Environmental Technology Centre located in Japan is managed by a Coordinator at Nairobi.

46. The functions and responsibilities of the Deputy Assistant Executive Directors in the Programme Division and the Environmental Information Assessment Division are not articulated anywhere and their roles remain unclear. Similarly, the managerial responsibility of the Deputy Executive Director is not reflected in the organizational chart.

47. The team's conclusions are that the organizational structure is not congruent with the programme structure which blurs accountability. There is a lack of clarity regarding the respective responsibilities of the components within each division, which makes it difficult to identify synergies and complementarities in their work. While such synergies are apparent between the components dealing with water, land, biodiversity and atmosphere, they are less clear when it comes to the cluster of Environmental Law and Environmental Economics or the cluster grouping the International Environmental Technology Centre and the chemicals programme. Therefore, the team is of the opinion that in such instances the integrating role that the Coordinators are called upon to assume is questionable.

48. The organizational structure does not reflect the linkages between the programme of UNEP and that of the conventions. As noted above, in the team's view the conventions constitute an important vehicle for promoting the objectives and priorities of UNEP. Therefore, the absence of apparent links between UNEP and the respective convention secretariats suggests that they are operating outside the mainstream of UNEP activities.

49. In summary, the organizational structure of UNEP does not provide an adequate framework for managing the organization's activities in an efficient and effective manner. The problem is further aggravated by two main considerations. First is the absence of documented lines of authority indicating the extent of authority with which each manager is empowered. Second is the frequent and extended absences of the Executive Director and the Deputy Executive Director from the Nairobi headquarters. Some of the senior staff have openly voiced their concern over such extended absences and their inability to reach the Executive Director for consultation on urgent matters while she was travelling.

50. In the team's view the designation of one of the division heads as Managing Director and Officer-in-Charge in the absence of the Executive Director and the Deputy Executive Director is an ad hoc solution to be resorted to only in exceptional circumstances when both the Executive Director and the Deputy must be away at the same time. However, it appears to be a permanent arrangement at UNEP. In the circumstances, it is essential to ensure the presence of either the Executive Director or the Deputy Executive Director at headquarters at all times.

51. The concept of Managing Director marginalizes the role of the Deputy Executive Director, who should be called upon to exercise his responsibilities as second in command. It should be revisited particularly because UNEP is in a state of transition, rethinking its role and remaking its structure, with all the administrative and managerial issues that such a process raises.

Staffing table management

52. The team spent some time attempting to reconcile the responsibilities of the various divisional units, as described in executive directives during 1996, with the staffing table on the one hand and the organizational chart on the other. The attempt was not successful.

53. A number of responsibilities referred to in the directives and/or included in the staffing table are not reflected in the UNEP organizational chart. These include the joint UNEP/Department of Humanitarian Affairs Unit, the Scientific Committee on the Effects of Atomic Radiation, the Mediterranean Coordination Unit, the Regional Coordination Unit for Caribbean Environment Programme, the International Register for Potentially Toxic Chemicals, the Contribution and Governing Council Documentation Unit, the Arab League Liaison Office, the Focal Point on Gender Issues and the Regional Offices Coordinator. The team also noted that the lines of authority indicated in the organizational chart were not always compatible with those reflected in the staffing table, and it could not escape the conclusion that the relationship between the activities to be implemented and the allocation of the staffing resources required is difficult to determine.

54. Because of the confusion arising from the situation described above, the team attempted to determine the responsibility centre for staffing table control. That attempt was also unsuccessful. None of the individuals interviewed on the matter nor the job descriptions examined could provide a satisfactory answer. Thus, the questions of who authorizes the reshuffling of posts from one area to the other and the reasons for such reshuffling remain unclear.

55. The team was also apprised of the fact that some Units were abolished and new posts were created over the last two years. Yet there was no apparent rationale or indication that those changes responded to a defined project of quality improvement. For instance, the Environmental Education and Training Unit was abolished because of dwindling resources, and its work was subsumed under the various subprogrammes. The team noted that the D-1 post of the head of the unit was not abolished, however; it was used to accommodate a Special Adviser on Global Environmental Citizenship under the Policy and External Relations Division. The incumbent is stationed in Mexico and reports to the Executive Director. In the circumstances, the team could only conclude that such changes are made by executive decision, and the motives behind them remain unclear.

56. Such practices contribute to the blurring of accountability and to some confusion among secretariat staff and member States alike. Members of the Committee of Permanent Representatives whose views were sought by the team voiced their concern over their inability at times to obtain clear and authoritative information to enable them to exercise their legislative responsibilities.

An overview

57. The imprecision and shortage of transparency in the organizational set-up of the UNEP secretariat are also replicated in the programme budget itself. The team could not find any single document submitted to the legislative bodies that provided a comprehensive picture of the activities and the corresponding resources by subprogramme. That was particularly true with respect to the substantial amount of resources accruing from bilateral arrangements and trust funds. Furthermore, the team noted that the activities relating to programme planning, monitoring, evaluation and fund management were not reflected in any

budget document, despite the substantial resources appropriated for such an undertaking.

58. In the team's view that situation does not render justice to the Programme's global responsibility as a catalyst, coordinator and stimulator of environmental actions. It also prevents member States from considering the resources and the activities proposed by the secretariat in their totality. The team noted also that, on the implementation side, there was no single document that reflected the Programme's overall implementation and achievements during a particular budget cycle. As such, the report of the Secretary-General on UNEP programme performance (see A/51/128 and Add.1) does not present a complete picture of the activities implemented by UNEP. It also does not present a reliable indication of the work-months engaged in carrying out those activities.

Mechanisms of collective guidance

59. A related organizational issue is that of the internal instruments designed to provide collective guidance to the Executive Director in the management of the UNEP programme of work. The most important of those instruments are the Management Board, the Executive Committee, the Programme Coordination Committee and the Project Approval Group.

60. The Management Board is the senior decision-making forum responsible for all significant policy, programme and resource allocation decisions. While the Board has been meeting since 1994, its objectives were elaborated in executive directive No. 2 of 1996. They meet to ensure that UNEP has the strategic direction, management philosophy, management systems, resources and infrastructure needed to produce the results required to fulfil its mandate. The Board is scheduled to meet four times a year and is chaired by the Executive Director. Its membership consists of 20 officials and includes the Deputy Executive Director, the Regional Directors, the Executive Coordinator, the Assistant Executive Directors and other directors.

61. The Executive Committee guides the Programme's operations on a weekly basis within the policy framework and directions established by the Management Board. All 10 members of the Committee are also members of the Board.

62. The Programme Coordination Committee was established in March 1996. Its purpose is to promote, monitor and ensure the implementation of a coordinated and integrated programme, taking into account the decisions of the Governing Council as well as those of the Management Board and the Executive Committee. The Committee, which is chaired by the Managing Director, includes in its membership 13 officials, of whom 6 are also members of the Board and the Executive Committee. The Committee is scheduled to meet twice a month or more at UNEP headquarters.

63. The Project Approval Group was established in October 1995. It replaced the Project Review Committee established earlier, in March 1994. The Group, which meets under the chairmanship of the Deputy Executive Director, consists of the three Assistant Executive Directors, the Chief of the Fund Management Branch and the Chief of the Corporate Planning and Accountability Service. The Group is responsible for ensuring that the projects are technically, financially and

politically sound, able to achieve the proposed results, consistent with the mandate and approved programme of work of UNEP and integrated with other projects under various subprogrammes.

64. In order to understand the functioning of the mechanisms for collective guidance, the team examined the terms of reference and the composition and minutes of the Management Board, the Executive Committee, the Programme Coordination Committee and the Project Approval Group. The examination suggests a good deal of redundancy in the functions of the four committees. The mechanism in place is a cumbersome one that consumes a lot of time for a substantial number of senior officers. More importantly, it diffuses responsibility through numerous layers of decision-making. As such, the system does not appear to be particularly efficient or effective.

65. For instance, the Management Board brings together four times a year and for several days the senior officials of the UNEP secretariat from various locations. A review of the minutes made available to the team suggests that a good part of the discussion is devoted to briefing the participants on the activities of the Executive Director and the provision of general information regarding latest developments, including the financial situation. Given the considerable travel expenses incurred for each Board meeting, the question of value gained for money spent must be addressed. The team noted that the convention secretariats were not invited to the Management Board meetings. That omission lends support to the team's earlier view that there is no apparent effort on the part of the UNEP secretariat to manage its relationship with the conventions as a vehicle that could promote the Programme's global agenda in the field of environment.

66. The work of the Management Board should focus more on policy issues, including programme priorities and resource allocation. Furthermore, if the Board is to play a role in developing a coherent strategic direction it would be advisable to involve the conventions fully in the process. The meetings of the Board could then be limited to twice a year, unless emerging issues required a reconsideration of the policy or strategy followed.

67. The agenda and the documentation necessary to clarify and substantiate the various items should be communicated to all participants in advance and their views should be sought for discussion during the Board meetings. Guided by the views expressed in the meetings and the consensus reached on some of the issues, the Executive Director would then decide on the best course of action to be taken and communicate the decision to all participants with a clear assignment of responsibility to the individuals who are called upon to act on specific decisions and report thereon to the Executive Director.

68. Such an approach alleviates the need for an Executive Committee that meets on a weekly basis to follow up on the decisions taken by the Board. The rationale for establishing such a Committee, which is basically composed of all the members of the Board except the directors of the five regional offices, is difficult to understand.

69. Similarly, the relevancy of the Programme Coordination Committee, which meets twice a month to monitor and ensure the implementation of a coordinated

programme of work, is questionable. It is even more so when its members can be represented by alternates and when outposted members are expected to participate in the deliberations of the Committee through telephone conferences. In the view of the team, the functions of monitoring and coordination are managerial responsibilities. Hence, they should be assumed as part of the internal oversight mechanism of an organizational unit. Such functions cannot be relegated to the deliberations of a committee.

70. The relevancy of the Programme Coordination Committee is even more at issue when consideration is given to the fact that the bulk of the UNEP work programme consists of projects that fall within the purview of the Project Approval Group. The latter is mandated to coordinate and integrate the various projects within the various subprogrammes.

IV. PROGRAMME FORMULATION AND MANAGEMENT

Programme and project design

71. At the time of the team's visit, UNEP was in the process of reducing its programme of work to bring it in line with available resources. The programme of work for the biennium 1996-1997, originally set at US$ 105 million then reduced to $90 million, was at the time being revised down to $62.5 million, which cannot have helped the organization to present a coherent picture concerning the formulation, elaboration and appraisal of programmes and projects.

72. The 12 major programme areas that existed when current management took over in 1992 have been reduced, with some intervening steps, to five areas, each of which has an Executive Coordinator. That action was intended to promote coordination and cross-fertilization and to address the impression that UNEP was composed of 12 separate fiefdoms with insufficient synergy among them. The exact nature of the coordination to be undertaken was not always clear and, in some cases, as noted earlier, the titles of the Executive Coordinators appear to have been used more as a justification for grading posts at the D-2 level than as an indicator of the complexity of the scientific, technical or managerial issues of coordination that had to be tackled by the incumbent.

73. The 1996-1997 programme was approved by the UNEP Governing Council at its eighteenth session.[4] It covers the resources provided by the Environment Fund, a voluntary fund managed by UNEP. The programme of work is described in an extensive document that covers most, but not all, of the activities of UNEP.

74. In 1995 the Governing Council approved the allocation of resources among the various priority areas that UNEP management had proposed. In its subsequent downsizing of the programme, UNEP management used the percentage shares allocated to each priority area to determine how much to cut from each.

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[4] Official Records of the General Assembly, Fiftieth Session, Supplement No. 25 (A/50/25), annex, decision 18/40.

75. Note should be taken of the practice within UNEP of turning all activities into projects. Once the programme of work is approved by the Governing Council, it then has to be broken down into component projects and be appraised and approved internally. That involves a great deal of work for operational units. Such efforts may in many instances be necessary or at least cost-effective, if, for example, the activity is to be funded by external sources that call for very transparent and careful project preparation. However, for regular functions of the UNEP secretariat repeated more or less without variation from year to year, Governing Council approval of the programme of work should be enough for UNEP to proceed with the activity without the intervening burden and loss of time in turning the activity into a project.

76. The draft of the 1995 evaluation report speaks of 469 "live" projects, which is a burden to manage, even if experience elsewhere suggests that many of those projects are substantively completed but have yet to be cleaned out of the computer. The "programme downsizing" exercise, part of the mid-term review that was taking place, foresaw, the team was told, a reduction in the number of "projects" to just over 100. That sound managerial initiative should help to make it more possible for managers to begin to be accountable for the activities in their respective portfolios.

Programme and project monitoring

77. It is paradoxical that UNEP, an organization that has over the last 20 years played a major role in the development of systems designed to monitor the global environment, has no discernible internal system for monitoring the substantive progress of and results produced by its projects or programmes.

78. There is a system for reporting on expenditures and delivery to the Fund Management Office, and individual managers were concerned with, and had information concerning, issues related to bringing projects on line and on expenditures within those projects. However, the team was not able to discover any system that allows an individual manager at any level to ascertain substantive progress against established goals. If managers do not know what is actually being achieved, it is difficult for them and those responsible for oversight to know whether performance is in line with expectations and, if it is not, to do something about it.

79. The minutes of the Project Approval Group provide evidence to support that assumption. They suggest that appraisal has been focused more on ensuring conformity of documents with financing requirements than with the need to provide managers with clear objectives and outputs, resources that are proportionate to the task, a work plan to achieve the results and a system for reporting on progress towards them. A first step to ensuring better programme and project performance would be an appraisal process that rewarded proposals that were substantively well-designed, that were as straightforward to manage as the substance permitted and that provided for simple ways of reporting on results that were economical of a manager's time.

80. Several managers claimed to be so involved in implementation that they could not spare energy on a formal system that addressed quality. Implicit in that claim was a technician's view that they knew when a programme was going

well or not and did not need to spend time and effort checking on progress towards results using independent criteria and benchmarks or on demonstrating such progress to outside observers.

Capacity-building

81. One of the areas in which UNEP indicates that it has been active is capacity-building. Examination of this topic disclosed that there is no commonly held and crisply defined understanding of capacity-building within the organization. What most of those interviewed were talking about was training of some kind. There was no satisfactory review, assessment or evaluation of what environmental capacity had been built to date.

82. A partial exception to that judgement was the Environmental Law programme. Also, some attempt to be systematic appears to have been made by the Industry programme based in Paris, although more work remains to be done. However, if UNEP wishes to continue operationally in the field of capacity-building, it needs to define what it means by capacity in the specific field it is addressing (e.g., environmental law, management of environmental information networks) and come up with a package of ways of achieving it with some clear indicators of success. The General Assembly in its resolution 50/120 of 20 December 1995 and the Economic and Social Council in its resolution 96/42 of 26 July 1996 call upon the United Nations development system to operationalize capacity-building concepts and to enhance the sustainability of capacity-building, so UNEP would be responding to a system-wide requirement.

V. MECHANISMS FOR OVERSIGHT AND INTERNAL CONTROLS

83. The existing instruments for programme oversight at the level of programme formulation, implementation, coordination and assessment of results show undue signs of dispersal. There are different centres of responsibility for programme oversight within UNEP. Thus, the Managing Director is responsible for integrating programme development and overall monitoring. The Programme Coordination Committee is also engaged in coordination and monitoring. At the same time, the Executive Coordinators are engaged in coordinating activities of an interdisciplinary nature. Lastly, the Corporate Planning and Accountability Service, which operates under the Programme Support Services Division, is also engaged in activities relating to programme planning and implementation monitoring. In addition, the Service is responsible for the evaluation of projects and subprogrammes.

84. Granted that close cooperation may exist among the aforementioned responsibility centres, the fact nevertheless remains that the absence of a focal point for programme oversight within the organizational set-up of UNEP deprives the Executive Director of an essential management tool to assist in the exercise of executive capabilities. It also constitutes an impediment to the development of clear policies for the allocation of resources to address priorities.

85. The team reviewed the role of the Corporate Planning and Accountability Service as an instrument for programme coordination and oversight. The terms of

reference of the office, which was established in 1994, include the promotion of results-oriented programme planning, the design and management of a coordinated system of monitoring progress and measuring achievements and reporting and evaluation. The office is headed by a D-1 and functions under the Programme Support Services Division. It comprises 10 Professional posts and 9 General Service posts distributed among four distinct units, namely, the Strategic Planning, Programming and Budgeting Unit; the Accountability, Monitoring and Reporting Unit; the Project Design and Evaluation Unit; and the Systems Development and Administration Unit.

86. The findings of the team suggest that the central management role envisaged for the Corporate Planning and Accountability Service at the time of its establishment in 1994 diminished dramatically in 1995. That decrease in responsibility was achieved by placing the Service under the Programme Support Services Division, whereas originally it was designed to report directly to the Executive Director. Accordingly, the Service was confined to the role of developing processes and acting as a facilitator with little or no involvement in substance. The team is of the opinion that the current situation is attributable principally to UNEP management's lack of commitment to using oversight as a management tool.

87. As noted earlier, many of the functions that the Corporate Planning and Accountability Service was expected to lead and coordinate have been attributed to other responsibility centres throughout the UNEP secretariat. As a result, the responsibilities assigned to the Service under its terms of reference had to be discharged without the necessary authority. That situation was further compounded by the abolition in 1996 of the Strategic Planning, Programming and Budgeting Unit, which weakened the Service's capability even more. The impact of that situation is clearly illustrated in the areas of implementation monitoring and evaluation.

88. The monitoring exercise is conceived as a mere reporting mechanism of a somewhat mechanical nature to contribute to the biennial report of the Secretary-General on programme performance. Thus, the Corporate Planning and Accountability Service does not review critically the divisional submissions received. It simply conforms them to requirements relating to the format of programme performance reporting without any assessment or analysis of the content.

89. The team reviewed a large number of the activities reported to have been implemented during the biennium 1994-1995 and could not escape the impression that the report provided a misleading picture in terms of what UNEP staff had actually implemented during the period under consideration in comparison to what was programmed. The true situation is blurred by the large number of activities reported to have been implemented that were executed jointly with or exclusively by UNEP partners and other organizations. In fact, the responsibility for final delivery of many activities has not always been clearly defined at the programming stage or subsequently at the reporting stage.

90. Such lack of clarity was also manifested in the reporting of the resources utilized. The team found that the number of work-months reported for the delivery of activities was often either under- or over-reported. Similarly, the

team's findings suggest that in many instances the delivery relied on substantial use of consultants. However, the corresponding number of work-months was not reflected in the programme performance report. In fairness to UNEP, it must be acknowledged that the present reporting requirements do not serve UNEP well in its efforts to present a coherent presentation of what it does and what it achieves.

91. The administrative and financial management of the UNEP secretariat was the subject of a series of internal and external audits over the past two years. The Board of Auditors has made a series of observations on a number of management and administrative issues in its report to the General Assembly.[5] Many of those issues are very much in line with the findings of the team. The team was informed of the initiatives taken by UNEP management to address the Board of Auditor's recommendations. In the view of the team, most of those initiatives remain at the level of a statement of intent, which needs to be translated into concrete results.

VI. PROJECT, PROGRAMME AND INSTITUTIONAL EVALUATION

92. UNEP has a weaker evaluation set-up than most other United Nations entities, which is a function of its level of staffing, its location and its mandate. The evaluation function appears never to have been significant to the operational or strategic management of UNEP.

93. Currently there is one Professional in the Corporate Planning and Accountability Service, which is placed within the Programme Support Services Division. Previously the evaluation function was part of the Office of the Executive Director. At present the evaluation office of the Corporate Planning and Accountability Service is doing a variety of tasks, some of which are concerned with bringing project and programme proposals on-stream; that is, getting involved in the project preparation and appraisal process. It is also attempting to take stock of the overall achievements of UNEP through an annual evaluation report.

94. While recognizing that some elements of that arrangement are consistent with recommendations expressed by the Joint Inspection Unit, performance to date appears to be less than optimal. In its evaluative work over the last four years the Service has done little or nothing to enrich the process of internal reflection in UNEP, nor does it appear that it was requested to do so. The efforts have been involved more with the appraisal process and the evaluation of ongoing programmes and projects.

95. The experience of some other United Nations agencies has been that in its early years an evaluation unit may need to be involved in the establishment of a proper project and programme preparation process and in the establishment of a monitoring and evaluation system for those programmes and projects. However, once those are established and can be turned over to operational units for

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[5] Official Records of the General Assembly, Fifty-first Session, Supplement No. 5F (A/51/5/Add.6).

management, the evaluation office can turn to issues of strategy, policy and overall operational effectiveness. Had UNEP had such a function five years ago capable of examining its strategy and experience in the light of changing mandates and circumstances, it might have been able to position itself better to confront the crisis that it faces today.

96. Given the scarce resources available to UNEP, a more strategic use of evaluation is needed. The responsibility for designing the system of monitoring and evaluating operational activities should remain an evaluation function, but the operational units should monitor and evaluate the activities for which they are responsible. To do so requires that for each major programme or activity there be clear targets and straightforward and simple observable indicators of progress built in and used from the outset.

97. Such targets and indicators would help managers to take responsibility for demonstrating transparently the validity of their activities as they progress. The evaluation function would focus on the impact of specific major activities supported by UNEP as well as on strategic and policy questions. To maintain the necessary degree of objectivity it would be desirable to separate the corporate planning and evaluation function from the programme support function.

98. The team noted that out of a total of 37 projects scheduled to be evaluated in 1995 as part of the Corporate Planning and Accountability Service work plan, only 17 were undertaken. The reason given was the financial constraints limiting the hiring of consultants. While those constraints may have contributed to the shortfall, the current situation lends support to the team's view that management's belief in and use of evaluation as a tool to illuminate the choice of activities, to ensure accountability and to serve as a guide to the management of operations appears open to question.

Performance indicators

99. The team noted the efforts made by the Corporate Planning and Accountability Service to introduce the concept of performance indicators in the programme-planning process. Thus, the programme budget for the biennium 1996-1997 presents, under each subprogramme, the results to be achieved and the corresponding indicators to verify the results. The team commends this first effort.

100. However, many managers were not fully involved in the definition and elaboration of the targets they were supposed to manage for. When it came to implementing the projects, they did not use the targets to manage by. If in future all managers are fully involved in the formulation of performance indicators, if they are kept simple and straightforward and if they are actually used as the basis for management and performance assessment, they would steer the programme of work towards the necessary results orientation.

101. The institutional instruments for financial control at UNEP are exercised by two responsibility centres. The first is the Programme Support Services Division, which, as noted earlier, acts as an executive office and administers the Environment Fund and trust funds. The second is the United Nations Office at Nairobi, which basically has little or no controlling function over the

utilization of the organization's resources but exercises some control through its administration of all personnel matters, including the posts created under the Environment Fund.

102. Hence, it would be reasonable to conclude that the Programme Support Services Division is the main centre of responsibility for managing and controlling the financial resources of UNEP. The Division is also responsible for the certification of funds, including monitoring their efficient utilization as well as developing and implementing clear administrative and financial procedures and guidelines for efficient coordination between UNEP and the United Nations Office at Nairobi.

Use of consultants

103. Figures made available to the team suggest that total disbursements on consultancies in the biennium 1994-1995 were on the order of $7 million. Therefore, it was considered appropriate to examine a large number of the consultancies contracted during that period as well as those contracted in the first part of 1996. The findings emanating from that examination revealed substantial weaknesses in the control mechanism.

104. There were instances in which the consultant fees were not specified in the special service agreement. In other instances the fees established in the agreement appeared to be disproportionately high in relation to the services to be rendered. Furthermore, the team came across a number of cases in which the terms of reference of the consultancy did not provide enough information on the work expected or the deadline for delivery.

105. Generally speaking, the team had difficulty obtaining all the information it needed to examine the efficiency of managerial control over the use of consultants. Much of the basic information could not be provided by management. In several instances the special service agreement could not be made available or an amendment was submitted instead of the original. In other instances the terms of reference were not reflected in the agreement or the title of the document submitted did not correspond to that included in the agreement. In those cases it was impossible for the team to assess the nature of the service to be provided or whether it was provided at all.

106. In a few instances the team could not ascertain that the documents submitted for review were actually the work of consultants. There was one particular case in which the handwritten name on the document provided to the team did not correspond to the name on the attached special service agreement. The team came across a number of cases in which no consultant reports could be furnished by management, even though such reports were to be delivered according to the terms of reference.

107. Related to the issue of programme and financial control, the team came across a number of anomalies in administrative practices that could signal weaknesses in resource management and a lack of transparency regarding the rationale for actions taken. This was manifest in the utilization of resources accruing from overhead the excessive resort to highly paid advisers, the filling of posts before the issuance of vacancy announcements or review by the

Appointment and Promotions Board and the redeployment of staff from one function to a completely different one without duly classified job descriptions. The team noted the absence of criteria or guidelines for the use of overhead resources. Thus, some of the managers in the conventions secretariats voiced concern over the relatively small amount of support they received in comparison to their needs and to the amount of overhead resources generated by their activities and yielded to UNEP.

108. The absence of either guidelines or a frame of reference was also noted in the level of remuneration for special service agreements granted to individuals for advisory services. In some instances the advisers were kept on board through a series of assignments under different agreements. In other instances the services provided by those advisers related to basic managerial functions, which fell within the responsibility of senior secretariat staff members.

109. In one particular case the team noted that an adviser had representative functions and wide authority over UNEP activities while under a corporate contract. The team was informed that the programme manager concerned found it difficult to reconcile his responsibilities with those of the adviser and decided to submit his resignation. While the team could not comment on the merit of each case brought to its attention because of the lack of complete information regarding the outcome of the services rendered, the team is nevertheless concerned about the absence of criteria for determining the level of remuneration provided for such advisory services (e.g., services exceeding $150,000). The team is equally concerned about the process through which some of the advisers have come on board. It does not appear that the decision to hire them was based on a comparison between the complexity of the tasks and the requisite skills and experience to discharge them.

110. The absence of criteria for selecting and remunerating advisers takes on a particular significance when the disbursement of funds is authorized by a large number of certifying and approving officers. In fact, UNEP has a total of 53 certifying officers and 25 approving officers who authorize disbursements from 433 different accounts. While this may be warranted owing to the decentralized nature of the Programme's work, some parameters in terms of guidelines and standard-setting nevertheless are needed to assist officers in the exercise of their judgement and at the same time to ensure coherence and provide management with frames of reference to monitor adherence to or deviation from those standards.

111. The weakness of the mechanism controlling disbursement of funds was also demonstrable in the case of travel. In one instance a senior manager was away on mission for 225 working days during the first 15 months of his employment with UNEP (i.e., over 80 per cent of the time). While the team does not dispute the need for frequent travel to discharge some responsibilities, the extended absence of a Director from his or her duty station raises two questions, one of management and one of optimal utilization of resources. In this particular instance, the resort to a special service agreement might have been more appropriate.

112. On the question of filling vacancies, the information obtained suggests that as of 18 September 1996 there were some 20 staff members on board without

the benefit of the review and approval of the Appointment and Promotion Board. The grades of those incumbents ranged from P-2 to D-1. The information made available to the team also suggests that in filling some of the vacancies no review was made of collaterals. The team noted that in a number of instances it was difficult to ascertain whether the job descriptions justified an appointment at a higher grade and whether the incumbent satisfied the requirements of the position.

113. The situation described above is reflected in the overall working environment within UNEP, particularly when the lack of transparency and proper management of scarce resources coincide with a severe financial crisis that eventually will affect the jobs of a substantial number of staff members before the end of the current biennium. The situation is further aggravated when staff-management relations and the internal consultative process are not demonstrably perceived by management as essential tools for enlisting the support and understanding of the staff at large in addressing the challenges that face the organization.

114. The team noted that the Joint Advisory Committee met only twice during the first 10 months of 1996. It also noted that a communication addressed to management by staff representatives in March 1996 in which basic questions and concerns over the downsizing were raised was answered in September 1996, or over five months later.

115. As for the appointment and promotion mechanism, the team noted that the Chairman of the Appointment and Promotion Board had little or no previous exposure to United Nations procedures or policies governing appointment and promotion. In fact, when designated to assume the chairmanship, the staff member had been with the United Nations only three months. The team also noted that management had taken it upon itself to decide on lateral transfers without referring the cases to the Appointment and Promotion Board. The situation was corrected in the fall of 1996 after a protracted exchange of communications, lasting three months, between the President of the UNEP Staff Association and the administration. During that time, four lateral transfers were effected by managerial decision; that is, without due process.

116. In the opinion of the team, lack of appreciation of the role of the joint consultative machinery by management and the paucity of information on important issues affecting the staff are in no small measure responsible for the unrest and the atmosphere of distrust that permeates much of the UNEP secretariat.

117. The prevailing perception at UNEP is that decisions relating to the utilization of the financial and human resources of the organization are shaped behind closed doors by a small group of individuals trusted by the Executive Director, who are not always part of the secretariat. The team did not find any strong indication to the contrary. This situation is particularly worrisome when it comes to mandatory consultations between UNEP management and the Human Resources Service at the Nairobi Office. In the team's view, the late and limited involvement of the Service in matters relating to appointments, reassignments and promotions is to some extent responsible for many of the anomalies observed.

Ombudsman Unit

118. However, due credit should be given to UNEP senior management for its initiative in setting up the Ombudsman Unit. That facility, staffed by two Professionals, one paid for by UNEP and one by the United Nations Centre for Human Settlements (Habitat), appears to respond to a genuine staff need and may well have made some contribution to attenuating the decline in staff morale in the Gigiri compound over the last four years.

VII. THE UNITED NATIONS OFFICE AT NAIROBI

119. One final issue that the team wishes to address is the question of the United Nations Office at Nairobi and its responsibilities as a provider of administrative services to UNEP and Habitat, as well as to other United Nations organizations at Nairobi. It will be recalled that in his report to the General Assembly on the restructuring of the United Nations Secretariat (A/49/336), the Secretary-General called for strengthening the United Nations presence at Nairobi, inter alia, through the amalgamation of the administrative services of UNEP, Habitat and the United Nations Common Services, Nairobi, into one office, namely, the United Nations Office at Nairobi. Subsequently, in the proposed United Nations programme budget for the biennium 1996-1997,[6] the United Nations Office at Nairobi was given a distinct budget section (26H), and was funded from resources transferred from the budget sections of UNEP, Habitat and the Common Services. Thus, the United Nations Office at Nairobi was established as of 1 January 1996, and Nairobi became the third duty station at which such an office exists, the other two being Geneva and Vienna.

120. The range of administrative services that fall within the responsibility of the United Nations Office at Nairobi comprises human resources management, finance, conference services, electronic services (covering electronic data processing, computer networks and communications) and general support services, which include such areas as contracts and procurement, travel and transportation, building and grounds management, security, registry, mail and telephones. There remain, however, a number of administrative functions that are retained by UNEP and Habitat. Thus both organizations continue to be responsible for budgeting their resources. To carry out those responsibilities, UNEP and Habitat have their budgetary units, as well as certifying officers to authorize the use of funds. At UNEP, the Programme Support Services Division is responsible for budgeting and constitutes the main contact point with the United Nations Office at Nairobi.

121. The staffing table of the United Nations Office at Nairobi totals 328 staff members, including 100 Professional and 228 General Service posts. Of those posts, 68 per cent are funded from extrabudgetary sources, primarily through UNEP. It should be noted that before the creation of the United Nations Office at Nairobi, the separate administrative services of UNEP, Habitat and the United Nations Common Services, Nairobi, had a combined strength of 387 posts. The

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[6] Official Records of the General Assembly, Fiftieth Session, Supplement No. 6 (A/50/6/Rev.1).

difference of 59 posts, of 15 per cent, represents the main savings resulting from the establishment of the Office.

122. In its review of the United Nations Office at Nairobi, the team attempted to determine the Office's capability of rendering efficient services to its client organizations. The team noted that since the start of its operations, the Office had faced a number of difficulties. These were attributable partly to the manner in which the new Office had been formed and financed and partly to the perception that the client organizations, particularly UNEP, had about the responsibilities of the Office in various areas.

123. First and foremost, in determining the right functional mix in terms of quantity and quality of staff needed in several important areas, the post-reduction exercise resulting from the amalgamation of the three components that formed the United Nations Office at Nairobi does not seem to have been guided by a work-flow and workload analysis, nor does it seem to have been guided by the experience gained at the Vienna or Geneva offices. Furthermore, although the decision to proceed with the establishment of the Nairobi Office was taken at the end of 1994, giving sufficient lead time to plan the transfer of operations to the new Office, the team noted that there were still many weaknesses that needed to be addressed and issues to be clarified with respect to the functional linkages and accountability between the United Nations Office at Nairobi and its client organizations in areas of personnel, finances and telecommunications.

124. The team noted that the personnel and financial responsibilities of the Chief of the United Nations Office at Nairobi lacked clarity vis-á-vis those of the Executive Director of UNEP, who is the head of the Office, as well as of Habitat, and who has authority delegated by United Nations Headquarters in areas of personnel and finances. The team also noted that the Chief of the Human Resources Service was confirmed in her position in August 1996; i.e., seven months after the establishment of the Office. Furthermore, the post of Chief of the Office was encumbered at a lower level (P-5) after the departure of the former incumbent (D-1). As for the post of Chief of the Financial Resource Management Service, it remains vacant. The functions are being discharged by a staff member who has been kept for more than a year beyond the age of retirement.

125. In the team's view, the situation described above has delayed the amalgamation of the various services of the Office into a coherent entity that is capable of overcoming the initial problems arising from post reductions and, at the same time, responding to the demands of its clients. Thus, in the area of personnel, the team noted the commendable efforts initiated by the recently appointed Chief of the Human Resources Service in the area of institutionalizing and updating the rules and procedures regarding personnel administration, including placement, recruitment, job classification, etc. However, in the opinion of the team, the continuation of those efforts and, most importantly, the upholding of the rules and procedures governing personnel matters, would very much depend on the support and commitment of the respective heads of offices at Nairobi to the process.

126. In the area of finance, there are a variety of problems which, if allowed to continue, will certainly disrupt further the functions of the service.

First, as noted above, the responsibilities of the Financial Resource Management Service are discharged through an acting arrangement, while the staff members of the Service, transferred from UNEP and Habitat, have not yet been integrated in terms of functions, nor have their duties been revised or their job descriptions prepared. As a result, former UNEP and Habitat staff are still discharging the financial activities of their respective former offices. Second, the computerized system of payroll and accounts brought into the Office from UNEP and Habitat are entirely different, one being strictly personal computer-based and the other suffering from design flaws making it very slow and cumbersome. The team was informed that addressing this problem would require major expenditures. The result has been major disruptions in the recording of financial transactions, further aggravated by frequent computer network breakdowns, often lasting for hours. The network is under the responsibility of UNEP. Third, the finance staff of the Service are scattered over various buildings of the Gigiri compound, thus creating a problem of communication and supervision.

127. With respect to conference services, the team was informed that since the establishment of the United Nations Office at Nairobi, no contribution to conference services had been made by Habitat, which continued to rely on its own translators and on conference services at Headquarters and at Geneva. The team was also informed that in light of the severe financial crisis of UNEP, the latter had decided to reduce drastically the number of conference service posts financed from the Environment Fund.

128. Thus, as of 1 January 1997, the contribution of UNEP to conference services was reduced from 20 to 2 Professional posts and from 27 to 5 General Service posts. The team was apprised that new ways of distributing the cost of conference services to the users are being proposed to ensure the provision of full service with equitable cost-sharing. While the proposals are worth developing, their successful implementation would depend on the availability of adequate budgetary provision in the 1996-1997 programme budget of the client organizations, particularly Habitat. In the long run however, the raison d'être for conference services at the United Nations Office at Nairobi would eventually depend on the cost-effectiveness of the services provided to the clients.

129. The operational difficulties described above are further aggravated by the fact that some core supervisory posts in the Office are financed through voluntary funding. In the team's view, this does not provide stability or adequate authority in an office trying to assert itself as a provider of quality services to its clients and as the custodian of the rules and regulations governing personnel and financial matters.

130. In addition, the team noted some overlapping responsibilities in the area of telecommunications. Thus, while some telecommunications services, including voice mail, facsimile, telex and cables, are provided by the Office to its clients, the other telecommunications services, which fall under the Mercure project, are the responsibility of UNEP, which is also responsible for the project's infrastructure maintenance and development.

131. The UNEP Governing Council, in its decision 17/38,[7] approved the Executive Director's proposal to finalize an agreement with the participants in the Mercure project in full prior consultation with and with the consent of the Government of Kenya, taking into consideration the telecommunication facilities in place, so as to enable the project to be implemented expeditiously. The Council was accepting a gift from the European Space Agency, a satellite communication system facility consisting of 16 ground stations and the necessary software. Its estimated value was $12 million. It was designed to provide UNEP with the capacity to receive and transmit on a global basis the large amounts of data associated with its environmental monitoring function. The team was also led to believe informally that it was designed to overcome some of the communications difficulties related to the Programme's location.

132. At the time of the team's visit, two large satellite dishes had been installed and were ready to operate in the UNEP compound at Nairobi. Agreements for ground stations in Beijing and San José, Costa Rica, had been reached. Most of the ground stations were due to be installed by the end of 1996 or early 1997. Satellite leases were entered into as of April 1996, and by February 1997 UNEP will have spent $263,000 on them. However, as of December 1996 the system was not being used, principally because the necessary legal and administrative formalities had not yet been completed with the authorities of the host country. It should be noted that the Under-Secretary-General for the Office of Internal Oversight Services met with senior officials of the Government of Kenya during his stay at Nairobi and discussed the need for an early decision on the matter.

133. Subsequent discussions with those responsible for such issues at United Nations Headquarters suggest that there is a degree of incompatibility between the United Nations and UNEP systems, but also that there are extensive and ongoing discussions between UNEP and the Electronic Services Division of the Secretariat to find a constructive and cost-effective solution. It is also important to note, first, that telecommunications technology has been changing very rapidly, making the planning of major systems difficult, and second, that the United Nations system's plans for a global "backbone system" has evolved in the light of technological change and shrinking budgets. It remains legitimate to wonder why issues of compatibility and operationalizing host government concurrence were not fully resolved before the UNEP Governing Council was asked to approve the gift. It is imperative that a decision be taken by the responsible parties within the United Nations Secretariat and UNEP, and the team notes that UNEP management has taken steps to present the issue forcefully to its February 1997 session of the Governing Council.

134. All in all, the team is of the opinion that so far the development of the United Nations Office at Nairobi has not demonstrated any tangible progress towards the attainment of the primary objective behind its establishment, namely, strengthening the United Nations presence at Nairobi and providing quality services to its clients while securing substantial savings.

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[7] Official Records of the General Assembly, Forty-eighth Session, Supplement No. 25 (A/48/25).

135. The enthusiasm with which the management at UNEP had embraced the project throughout its formative stage seems to have suddenly vanished. In fact, the team did not get the impression that the management of UNEP and Habitat, the two main client organizations, is committed to the success of the United Nations Office at Nairobi. In many ways, the Office is perceived as a processing office with little or no decision-making authority. The longer that perception lasts, the more the Office will be marginalized and its responsibilities and authority encroached upon.

136. It is imperative that the Department of Administration and Management at Headquarters give this matter its immediate attention, first, to ensure that the authority delegated to the United Nations Office at Nairobi is being properly exercised, and second, to determine whether the staffing of the Office and the sources of funding are adequate for the efficient discharge of the functions delegated to it. In this respect, the Department of Administration and Management is invited to dispatch to Nairobi as soon as possible, an experienced administrator to make a thorough assessment of the Office's situation and the requirements for its viability. The administrator's responsibilities would include the preparation of a plan of action to upgrade the performance of the Office, drawing on the experience of the United Nations Office at Geneva and the United Nations Office at Vienna.

VIII. RECOMMENDATIONS

137. The senior management of UNEP needs, as a matter of urgency, to clarify with its stakeholders its role and function following the United Nations Conference on Environment and Development (SP-96-001-1).

138. UNEP should translate this clarified role into a clear plan of action for the next five years. The plan should contain measurable, or at least observable, goals and basic indicators of progress applicable to each programme and operational unit. Managers at all levels should then use them in managing their work (SP-96-001-2).

139. Immediate steps should be taken to translate the Programme's global role as a catalyst, coordinator and stimulator of environmental action into one single programme budget document (SP-001-3[a]). Simultaneously, urgent action is needed to put in place a system of programme oversight with the authority necessary to ensure the coordination and implementation of an integrated and comprehensive programme of work. The UNEP monitoring and evaluation system should collect essential data on performance and provide feedback to managers at all levels in a timely fashion so as to provide guidance in the allocation of resources and to permit provision of incentives of good performers. The responsible units should report directly to the Executive Director (SP-96-001-3[b]).

140. The Environmental Economics Unit needs to be strengthened (SP-96-001-4).

141. The relationship between the secretariats of the environmental conventions and UNEP should be revisited. Fulfilling its Agenda 21 mandate for coordinating the work of the secretariats may give UNEP a tool for achieving its larger

goals. If that is a niche that UNEP decides to occupy, then it will need to equip itself to do so (SP-96-001-5).

142. Management should assess the organizational structure with a view to reducing its top-heaviness, ensuring greater congruence with the programme of work; delineating clearly the functions and responsibilities of each unit, ensuring that those functions are mutually supportive of each other; avoiding a too-thin distribution of resources; and reflecting clear lines of authority (SP-96-001-6).

143. The work of the numerous committees established to provide collective guidance on programmatic and administrative matters should be streamlined, their number reduced and their respective responsibilities well-delineated (SP-96-001-7).

144. Managerial and administrative reform within UNEP requires a firm hand at the helm. If the Executive Director must travel much of the time, there has to be a second in command in charge at UNEP headquarters, with the authority and determination to put changes into effect (SP-96-001-8).

145. UNEP may wish to have an independent evaluation office with a reporting relationship and status vis-à-vis its Governing Council that is analogous to that of the Office of Internal Oversight Services to the General Assembly (SP-96-001-9).

146. Evaluation resources are very scarce and should be used for strategic purposes, meeting accountability needs while clarifying relevant issues (SP-96-001-10).

147. UNEP should review its practice of turning all activities into projects (SP-96-001-11).

148. The position of UNEP in the Global Environment Facility (GEF) appears minimal and therefore, as part of the 1997 review by the General Assembly of follow-up to the United Nations Conference on Environment and Development, UNEP should urge consideration of a revised relationship among the implementing agencies of GEF (SP-96-001-12).

149. The issue of the Mercure telecommunications facility should be resolved as a matter of urgency. UNEP and the United Nations Secretariat should resolve any outstanding issues of compatibility between the United Nations and UNEP systems and make recommendations to the parties and legislative bodies concerned as to the steps to be taken if the system cannot be put into full and cost-effective operation in the near future (SP-96-001-13).

150. In considering its coordinating responsibilities, UNEP should indicate to its stakeholders the need to consider harmonizing the organization's mandates, resources and capacities (SP-96-001-14).

151. The dispersal of financial authorization should be reviewed to ensure financial coherence. Clear guidelines on disbursements for consultants and advisers and on the establishment of posts should be developed (SP-96-001-15).

152. Compliance with the recommendations of the Board of Auditors is necessary and should be given the priority it deserves (SP-96-001-16).

153. The work of the appointment and promotion machinery and its membership should be revisited. Two committees, one for Professional staff and the other for General Service staff, would be a step in the direction of reducing the cumbersome process (SP-96-001-17).

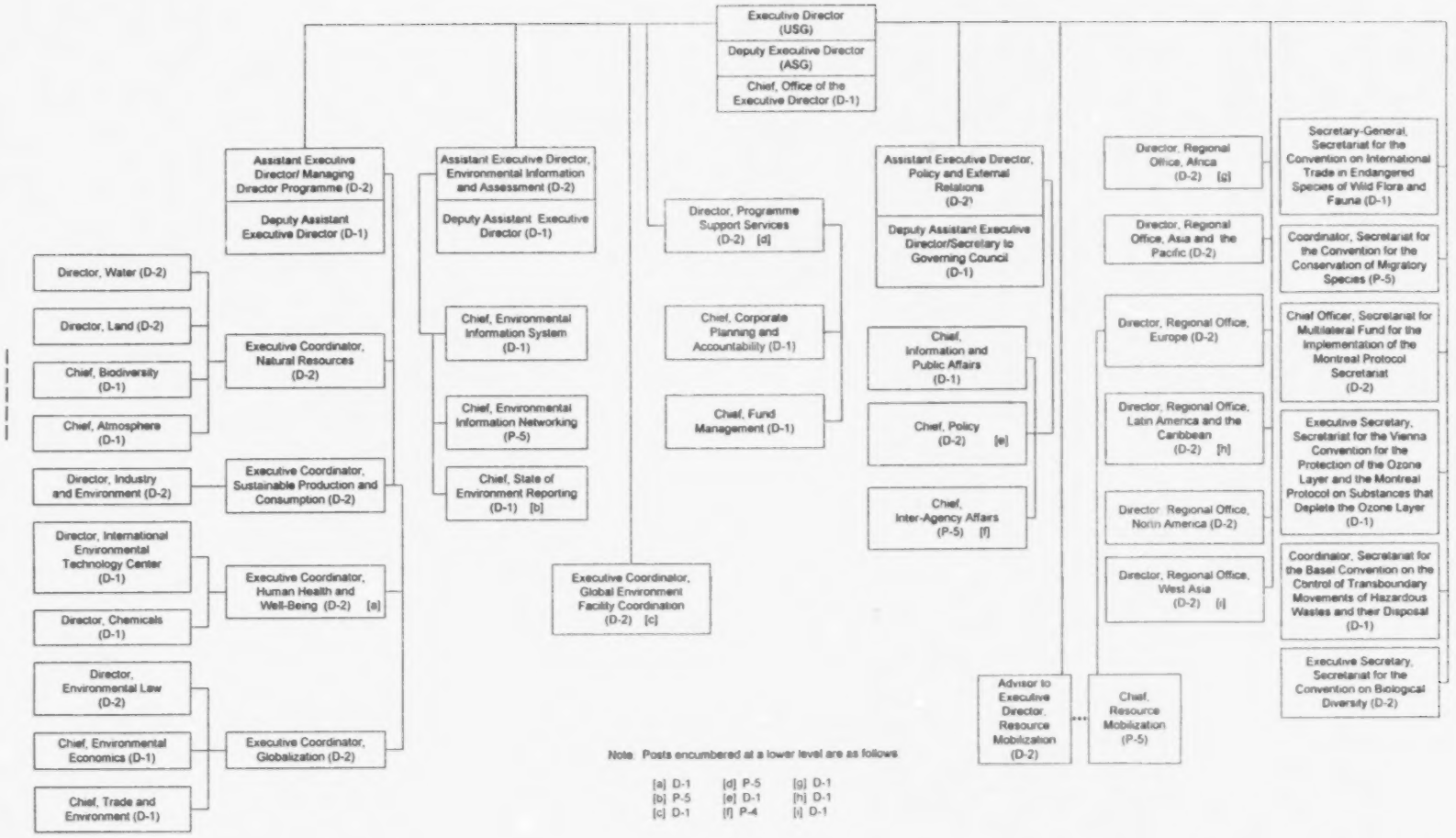
154. The consultative process between staff and senior management should be established on a sound basis, with a view to ensuring a spirit of genuine cooperation and mutual respect (SP-96-001-18).

155. A determined effort should be made to put the United Nations Office at Nairobi on the right track. This should include appropriate delegation of authority, enhancement of the capacity of the staff through training and the provision of a stable resource base to ensure the continuous presence of an institutional critical mass. A first step in that direction would be for Headquarters to provide urgent assistance by assigning to Nairobi for one month a senior administrator with proven experience in the establishment and functioning of United Nations common services outputs (SP-96-001-19).

(Signed) Karl Th. PASCHKE
Under-Secretary-General for
Internal Oversight Services

APPENDIX

UNEP
ORGANIZATIONAL CHART
September 1996


Executive Director (USG)
Deputy Executive Director (ASG)
Chief, Office of the Executive Director (D-1)
Assistant Executive Director/ Managing Director Programme (D-2)
Deputy Assistant Executive Director (D-1)
Director, Water (D-2)
Director, Land (D-2)
Chief, Biodiversity (D-1)
Chief, Atmosphere (D-1)
Executive Coordinator, Natural Resources (D-2)
Director, Industry and Environment (D-2)
Executive Coordinator, Sustainable Production and Consumption (D-2)
Director, International Environmental Technology Center (D-1)
Director, Chemicals (D-1)
Executive Coordinator, Human Health and Well-Being (D-2) [a]
Director, Environmental Law (D-2)
Chief, Environmental Economics (D-1)
Chief, Trade and Environment (D-1)
Executive Coordinator, Globalization (D-2)
Assistant Executive Director, Environmental Information and Assessment (D-2)
Deputy Assistant Executive Director (D-1)
Chief, Environmental Information System (D-1)
Chief, Environmental Information Networking (P-5)
Chief, State of Environment Reporting (D-1) [b]
Director, Programme Support Services (D-2) [d]
Chief, Corporate Planning and Accountability (D-1)
Chief, Fund Management (D-1)
Executive Coordinator, Global Environment Facility Coordination (D-2) [c]
Assistant Executive Director, Policy and External Relations (D-2)
Deputy Assistant Executive Director/Secretary to Governing Council (D-1)
Chief, Information and Public Affairs (D-1)
Chief, Policy (D-2) [e]
Chief, Inter-Agency Affairs (P-5) [f]
Director, Regional Office, Africa (D-2) [g]
Director, Regional Office, Asia and the Pacific (D-2)
Director, Regional Office, Europe (D-2)
Director, Regional Office, Latin America and the Caribbean (D-2) [h]
Director, Regional Office, North America (D-2)
Director, Regional Office, West Asia (D-2) [i]
Advisor to Executive Director, Resource Mobilization (D-2)
Chief, Resource Mobilization (P-5)
Secretary-General, Secretariat for the Convention on International Trade in Endangered Species of Wild Flora and Fauna (D-1)
Coordinator, Secretariat for the Convention for the Conservation of Migratory Species (P-5)
Chief Officer, Secretariat for Multilateral Fund for the Implementation of the Montreal Protocol Secretariat (D-2)
Executive Secretary, Secretariat for the Vienna Convention for the Protection of the Ozone Layer and the Montreal Protocol on Substances that Deplete the Ozone Layer (D-1)
Coordinator, Secretariat for the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal (D-1)
Executive Secretary, Secretariat for the Convention on Biological Diversity (D-2)

Note: Posts encumbered at a lower level are as follows:

[a] D-1 [d] P-5 [g] D-1
[b] P-5 [e] D-1 [h] D-1
[c] D-1 [f] P-4 [i] D-1